

*Rex Earl Starr*  
*Attorney at Law*  
*Stikwell, Oklahoma 74960*  
*Fax: 918-696-6551*

*Office*  
*108 North 1st*  
*P.O. Box 918*  
*918-696-6500*

*Home*  
*Route Six*  
*Starr Valley*  
*918-696-2086*

27 September 2016

Federal Communication Commission  
Office of the Secretary  
9300 E. Hampton Dr.  
Capitol Heights, Maryland 20743

Dear Federal Communication Commission:

Please find enclosed herewith the Request for Reconsideration of earlier decision and subsequent letter of "Notice of Withholding of Action" dated 8 September 2016 that is being filed on behalf of the Belfonte School District 50, Sequoyah County, Oklahoma.

Respectfully Submitted,

*Rex Earl Starr*

Rex Earl Starr

RES/es

Attorney for Belfonte Schools



Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of	)	
	)	
Request for Review by Belfonte School	)	
District 50 of Administrator's Decision	)	
on Appeal-USAC FY 2004	)	CC Docket No. 02-6
Commitment Adjustment Letter dated	)	
12 October 2006.	)	
	)	
Form 471 Application # 401177	)	
Funding Request Number: 1097117	)	

REQUEST FOR RECONSIDERATION OF EARLIER DECISION AND SUBSEQUENT  
LETTER OF "NOTICE OF WITHHOLDING OF ACTION" dated 8 September 2016

8 September 2016

Belfonte School District 50  
Paul Pinkerton  
Superintendent

918-427-3522

Rex Earl Starr  
Attorney for Belfonte School  
PO Box 918  
Stilwell, OK 74960  
918-696-6500  
FAX:918-696-6551

Enclosures: ALL ATTACHMENTS HERETOFORE SUBMITTED ON BEHALF OF  
BELFONTE SCHOOLS DURING EARLIER APPEAL

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of	)	
	)	
Request for Review by Belfonte School	)	
District 50 of Administrator's Decision	)	
on Appeal-USAC FY 2004	)	CC Docket No. 02-6
Commitment Adjustment Letter dated	)	
12 October 2006.	)	
	)	
Form 471 Application # 401177	)	
Funding Request Number: 1097117	)	

INTRODUCTION

Comes now the Belfonte School District 50 of Muldrow, Sequoyah County, Oklahoma and hereby request this Honorable Commission to reconsider the earlier decision that has been made adverse to the Belfonte School District 50 for the reason that there is absolutely no evidence to suggest any wrong doing on behalf of the Belfonte School District 50 or the United Systems organization. Due to no evidence available at the time of the alleged violation nor any that has been developed. In the period of twelve years since the alleged violation, any decision that has been made is purely subjective, contrary to the laws, statutes, guidelines, policies and procedures established and violates all elements of due process.

That furthermore, from the time of the original alleged violation through the appellant process and the findings being made in 2006, that no activity and no new developments have occurred since said time to support the findings of the Commission. That upon the issuance of the collection letter in September 2016, no new evidence was developed and to rely on the earlier determination that has been made would be subjective in nature and unsupported by any facts of wrong doing on behalf of either Belfonte School District 50 or United Systems.

That Belfonte School District 50, in support of request for reconsideration, would adopt and submit to this Commission all of the documentation that has been furnished earlier and furthermore would adopt each and every statement that has heretofore been made in support of the Appeal and would respectfully request the Commission would reverse its earlier determination that has been made, would withdraw the letter of collection that has earlier been issued and would consider this matter closed and terminated.

ENCLOSURES

ALL ATTACHMENTS HERETOFORE SUBMITTED ON BEHALF OF BELFONTE  
SCHOOLS DURING EARLIER APPEAL

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of

Request for Review by Belfonte School  
District 50 of Administrator's Decision  
on Appeal - USAC FY 2004  
Commitment Adjustment Letter dated  
October 12, 2006.

CC Docket No. 02-6

Form 471 Application # 401177  
Funding Request Number: 1097117

REQUEST FOR REVIEW

BELFONTE SCHOOL DISTRICT 50

Debi Sovereign  
Jane Kellogg

November 22, 2006

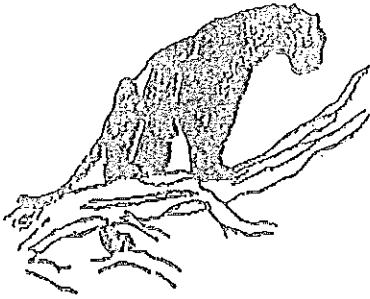
Kellogg & Sovereign Consulting, LLC  
10501 CR 366S  
Allen, OK 74825  
(580) 332-1444  
(580) 332-2532 (facsimile)  
Email: dsovereign@kelloggllc.com

## TABLE OF CONTENTS

I. SUMMARY.....	3
II. DISCUSSION .....	4
III. CONCLUSION .....	8
IV. ATTACHMENTS.....	9

## ATTACHMENT 1

Letter of Appeal filed by Belfonte Schools

**BELFONTE SCHOOL**

DISTRICT CO 50  
475751 STATE HWY 101  
MULDROW, OKLAHOMA 74948-6520

PHONE 918-427-3522  
FAX 918-427-1288

Lucky McCrary  
Superintendent

BOARD OF EDUCATION  
Roy Soap, President  
Eugene Mooney, Clerk  
Mike Hyde, Vice President

TO: SLD  
From: Belfonte School  
Re: Appeal of Findings.  
Date: 8/31/2006

*mail*

SLD,

I am requesting an appeal of findings on my 471, Year 2004. I emailed an appeal but I am mailing other info and same as you web site states different information is required other than the notice I received.

Contact information:

Belfonte School, Lucky McCrary, Superintendent [mccrary@belfonte.k12.ok.us](mailto:mccrary@belfonte.k12.ok.us)  
475751 State Highway 101  
Muldraw, Ok. 74948  
Office Phone: 918-427-3522-ext.101  
Fax: 918-427-1288

Appealing: Notification of Commitment Adjustment Letter, 2004 funding year  
Billed Entity is Belfonte School  
BEN: 140409  
BPS-471-Y7  
Form 471 #-401177  
FCC Registration Number: 0011597010

Basis of Appeal: Don't know what I have done as the notice only states that the 470 process was "tainted". State that it was determined that a vendor participated in the competitive bidding process. No vendor did anything except respond to my RFP>  
I request due process and an opportunity to have the decision explained to me so I may defend my position.

Luck McCrary, Superintendent, Belfonte School



From: "Lucky McCrary" <mccrary@belfonte.k12.ok.us>  
To: appeals@sl.universalservice.org  
Date: 08/31/2006 10:22 AM  
Subject: APPEAL

Ref. Form 471 AP. appeal  
2004  
BPS-471-Y7  
BEN:140409  
APPEAL

SLD, USAC,

I am formally appealing the findings of Belfonte School 471 number 401177 audit and Commitment Adjustment decision .

Date of Notification: Received 8/30/2006  
Form 471 Application Number: 401177  
Funding Year: 2004  
Applicant's Form Identifier: BPS-471-Y7  
FCC Registration Number: 0011597010

Lucky McCrary, Superintendent  
Belfonte School  
Muldrow, Ok. 749436  
918-427-3522 ext. 101  
Fax 918-4274-1266  
mccrary@belfonte.k12.ok.us

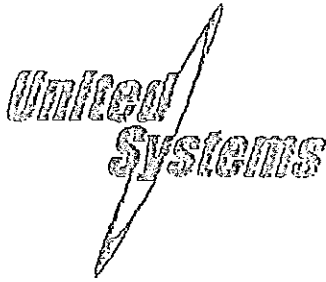
Attachments:

File: <u>ATT00002.txt</u>	Size: 1k	Content Type: text/plain
File: <u>ATT00003.html</u> (Shown Inline)	Size: 1k	Content Type: text/html

*E. Mallory*  
*8/31/06*

## ATTACHMENT 2

Letter of Appeal  
Filed by United Systems



October 26, 2006

Letter of Appeal  
Schools and Libraries Division  
Box 126 - Correspondence Unit  
80 South Jefferson Road  
Whippany, NJ 07981

RE: Commitment Adjustment Letter dated August 28, 2006  
Funding Year: 2004  
SPIN: 143004688  
Applicant: Belfonte School District 60  
Billed Entity #: 140409  
Form 471 Application #: 401177  
Funding Requests #: 1087117

Contact: Alvin Myers  
President and COO  
United Systems, Inc.  
4336 N. Classen  
Oklahoma City, OK 73118  
Ph: (406)623-2162 x306  
Cell: (406)826-2302

Dear Sir or Madam:

The purpose of this letter is to appeal a Funding Commitment Adjustment decision by the SLD to rescind funding in full for the above referenced FRN and Form 471 application.

The reason given for the decision is: "During the course of review it was determined that cited Form 470 was tainted. When the Service Provider, United Systems, Inc., participated in the preparation of the cited Form 470 (Application Number: 125770000488232), the Form 470 becomes tainted. FCC rules require applicants to submit a Form 470 to initiate the competitive bidding process, and conduct a fair and open process. If the applicant has posted a Form 470 that a service provider participates in the Form 470 preparation and that service provider also participates in the competitive bidding process, the applicant has violated this requirement, and FCC rules consider this Form 470 to be tainted."

Your letter states that United Systems, Inc. (United Systems) participated in the preparation of this Form 470, tainting the Form 470 and violating FCC rules. Let me clearly state that United Systems did not participate in the preparation of this or any other Form 470 where we were a bidder. Furthermore, the applicant has sent a letter to the SLD that we received copy on, and I have attached, which said United Systems did not participate in the preparation of their Form 470. We do not believe that the applicant, Belfonte Schools, or United Systems violated any FCC rules regarding the E-rate application process.

Page 2

November 1, 2006

Our understanding of the official FCC rules regarding the Form 470 application and competitive bidding process is as follows:

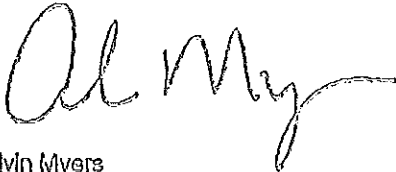
1. A Service Provider may not complete, file or sign the Form 470 for an Applicant.
2. A Service Provider may not act as a representative of the applicant for the competitive bid process.
3. A Service Provider may not act in any way to inappropriately influence or taint the competitive bid process.

These rules were reiterated as recently as the September 27-28, 2003 SLD ABCs of E-rate Training held in St. Louis. I can assure you that United Systems did not violate these rules and the applicant did not violate these rules in their dealings with United Systems Inc.

We request that this decision be overturned to allow the funding to remain in place.

Please contact me directly to discuss this matter further if you do not concur.

Sincerely,



Alvin Myers  
President and COO  
United Systems, Inc.

## ATTACHMENT 3

### Administrator's Decision on Appeal



Universal Service Administrative Company  
Schools & Libraries Division

10/18/06

### Administrator's Decision on Appeal - Funding Year 2004-2005

October 12, 2006

Lucky McCrary  
Belmonte School  
475754 State Highway 101  
Muldrow, OK 74948-9520

Re: Applicant Name: BELMONT SCHOOL DISTRICT 50  
Billed Entity Number: 140409  
Form 471 Application Number: 401177  
Funding Request Number(s): 1097117  
Your Correspondence Received: August 31, 2006

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2004 Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1097117  
Decision on Appeal: Denied  
Explanation:

- Upon review of the appeal letter, the relevant facts and documentation, it was determined that the establishing Form 470 Number 125770000469232 for this request was submitted from an IP Address that United Systems, Inc. used to submit a service provider invoice to USAC. United Systems, Inc. was selected as a vendor for this FRN. In accordance with the rules of the Support Mechanism, this is considered to be a conflict of interest and is in violation of the competitive bidding guidelines. On May 31, 2006, you were requested to provide documentation including an explanation for the IP address match. On June 5, 2006, you responded that it is very possible that you submitted the Form 470 from the service provider's office because you have worked on various projects for your school using their facility over the years.

Box 125 - Correspondence Unit, 80 South Jefferson Road, Whippany, New Jersey 07981  
Visit us online at: [www.sl.universalservice.org](http://www.sl.universalservice.org)

As is noted on the USAC website, applicants may not delegate the competitive evaluation role to anyone associated with a service provider. A "Fair" competition means that "all bidders are treated the same, and that no bidder has advance knowledge of the information contained in the RFP." Applicants and services providers should not have a relationship prior to competitive bidding "that would unfairly influence the outcome of a competition or would furnish the service provider with "inside" information or allow them to unfairly compete in any way." A service provider, who will participate in the competitive process as a bidder, cannot complete the Form 470. The above findings indicate that the vendor was improperly involved in the competitive bidding process, which is a violation of the rules of this Support Mechanism. You have failed to provide evidence on appeal that USAC erred in its original decision. Consequently, your appeal is denied.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either USAC or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division  
Universal Service Administrative Company

---

Box 125 - Correspondence Unit, 80 South Jefferson Road, Whippany, New Jersey 07981  
Visit us online at: [www.usac.universaltelecom.org](http://www.usac.universaltelecom.org)

## ATTACHMENT 4

### Commitment Adjustment Letter





## Schools &amp; Libraries Division

Notification of Commitment Adjustment Letter  
Funding Year 2004: 7/01/2004 - 6/30/2005

August 28, 2006

Kylie Nyquist  
United Systems, Inc.  
4335 N. Classen Blvd.  
Oklahoma City, OK 73118 9520

Re: SPIN: 143004698  
Form 471 Application Number: 401177  
Funding Year: 2004  
FCC Registration Number  
Applicant Name: BELFONTE SCHOOL DISTRICT 50  
Billed Entity Number: 140409  
Applicant Contact Person: Lucky McCrary

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the adjustments to the funding commitment required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

## TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Numbers you are appealing. Your letter of appeal must include the Billed Entity Name, the Form 471 Application Number, Billed Entity Number, and the FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Dept. 125- Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by contacting the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals option.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket Nos. on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site, or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

## FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which adjustments are necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report.

The SLD is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the applicant detailing the necessary applicant action.

Please note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Please note the Funding Commitment Adjustment Explanation in the attached Report. It explains why the funding commitment is being reduced. Please ensure that any invoices that you or the applicant submit to USAC are consistent with program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division  
Universal Services Administrative Company

cc: Lucky McCrary  
BELFONTE SCHOOL DISTRICT 50

## A GUIDE TO THE FUNDING COMMITMENT ADJUSTMENT REPORT

Attached to this letter will be a report for each funding request from your application for which a commitment adjustment is required. We are providing the following definitions.

**FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each individual request in your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

**CONTRACT NUMBER:** The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on Form 471.

**SERVICES ORDERED:** The type of service ordered by applicant, as shown on Form 471.

**BILLING ACCOUNT NUMBER:** The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

**ORIGINAL FUNDING COMMITMENT:** This represents the original amount of funding that SLD had reserved to reimburse for the approved discounts for this service for this funding year.

**COMMITMENT ADJUSTMENT AMOUNT:** This represents the amount of funding that SLD has rescinded because of program rule violations.

**ADJUSTED FUNDING COMMITMENT:** This represents the adjusted total amount of funding that SLD has reserved to reimburse for the approved discounts for this service for this funding year. If this amount exceeds the Funds Disbursed to Date, the SLD will continue to process properly filed invoices up to the new commitment amount.

**FUNDS DISBURSED TO DATE:** This represents the total funds that have been disbursed for this FRN as of the date of this letter.

**FUNDS TO BE RECOVERED FROM SERVICE PROVIDER:** This represents the amount of improperly disbursed funds to date for which the service provider has been determined to be primarily responsible. These improperly disbursed funds will have to be recovered from the service provider.

**FUNDING COMMITMENT ADJUSTMENT EXPLANATION:** This entry provides an explanation of the reason the adjustment was made.

Funding Commitment Adjustment Report  
Form 471 Application Number: 401177

---

Funding Request Number:	1097117
Contract Number:	BELFONTE-US-YR7-1A/1B
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	918-427-3522
Original Funding Commitment:	\$22,616.10
Commitment Adjustment Amount:	\$22,616.10
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$22,616.10
Funds to be Recovered from Service Provider:	\$22,616.10

Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of review it was determined that cited Form 470 was tainted. When the Service Provider, United Systems, Inc., participated in the preparation of the cited Form 470 (Application Number: 125770000469232), the Form 470 becomes tainted. FCC rules require applicants to submit a Form 470 to initiate the competitive bidding process, and to conduct a fair and open process. If the applicant has posted a Form 470 that a service provider participates in the Form 470 preparation and that service provider also participates in the competitive bidding process, the applicant has violated this requirement, and FCC rules consider this Form 470 to be tainted. All Funding Requests that relate to this Form 470 are required to be denied because the Form 470 is tainted. Accordingly, the commitment has been rescinded in full and USAC will seek recovery of any disbursed funds. USAC has determined that both the applicant and the service provider are responsible for this rule violation; if any funds were disbursed, USAC will seek recovery of the improperly disbursed funds from both the applicant and the service provider.

PLEASE SEND A COPY OF THIS PAGE WITH YOUR  
CHECK TO ENSURE TIMELY PROCESSING

# ATTACHMENT 5

## Letter of Agency



Schools & Libraries Division

Notification of Commitment Adjustment Letter  
Funding Year 2004: 7/01/2004 - 6/30/2005

August 28, 2006

Kylie Nyquist  
United Systems, Inc.  
4335 N. Classen Blvd.  
Oklahoma City, OK 73113 9520

Re: SPIN: 143004628  
Form 471 Application Number: 401177  
Funding Year: 2004  
FCC Registration Number  
Applicant Name: BELFONTE SCHOOL DISTRICT SD  
Billed Entity Number: 140409  
Applicant Contact Person: Lucky McCrary

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the adjustments to the funding commitment required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

## TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Numbers you are appealing. Your letter of appeal must include the Billed Entity Name, the Form 471 Application Number, Billed Entity Number, and the FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Dept. 125- Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by contacting the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals option.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket Nos. on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site, or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

## FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which adjustments are necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report.



The SLD is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the applicant detailing the necessary applicant action.

Please note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Please note the Funding Commitment Adjustment Explanation in the attached Report. It explains why the funding commitment is being reduced. Please ensure that any invoices that you or the applicant submit to USAC are consistent with program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division  
Universal Services Administrative Company

cc: Lucky McCrary  
BELFONTE SCHOOL DISTRICT 50

## I. SUMMARY

Belfonte School District 50 ("Belfonte") hereby requests that the Commission review the USAC Administrator's Decision on Appeal – Funding Year 2004-05 dated October 12, 2006 for Belfonte School District 50, Billed Entity Number 140409, Form 471 Application Number 401177, Funding Request Number 1097117.

The Administrator's decision on appeal: Denied.

The denial letter states:

"Upon review of the appeal letter, the relevant facts and documentation, it was determined that the establishing Form 470 Number 125770000469232 for this request was submitted from an IP Address that United Systems, Inc. used to submit a service provider invoice to USAC. United Systems, Inc. was selected as a vendor for this FRN. In accordance with the rules of the Support Mechanism, this is considered to be a conflict of interest and is in violation of the competitive bidding guidelines. On May 31, 2006 you were requested to provide documentation including an explanation for the IP address match. On June 5, 2006, you responded that is very possible that you submitted the Form 470 from the service provider's office because you have worked on various projects for your school using their facility over the years.

As is noted on the USAC website, applicants may not delegate the competitive evaluation role to anyone associated with the service provider. A "Fair" competition means that "all bidders are treated the same, and that no bidder has advance knowledge of the information contained in the RFP." Applicants and service providers should not have a relationship prior to competitive bidding "that would unfairly influence the outcome of a competition or would furnish the service provider with 'inside' information or allow them to unfairly compete in any way." A service provider, who will participate in the competitive process as a bidder, cannot complete the Form 470. The above findings indicate that the vendor was improperly involved in the competitive bidding process, which is a violation of the rules of this Support Mechanism. You have failed to provide evidence on appeal that USAC erred in its original decision. Consequently, your appeal is denied."

## II. DISCUSSION

To ensure accountability, the Commission concluded in the *Universal Service Order* (Universal Service Order, 12 FCC Rcd at 9076, para. 570), that eligible schools and libraries should submit a description of the services (by filing an FCC Form 470) they seek so that such description may be posted to the Administrator's website to be evaluated by competing service providers. In addition to the need to comply with the requirement that schools and libraries make bona fide requests for services, the Commission concluded that fiscal responsibility required that schools and libraries award contracts for eligible services pursuant to competitive bidding.

According to the Commission's rules (see Form 470 instructions), the Form 470 must be completed by the entity that will negotiate with prospective service providers and signed by the person authorized to order the requested services on behalf of the applicant.

In the case of Belfonte School, USAC rescinded the funding in full due to a cross match of the IP address used to submit the Form 470. USAC stated that their investigation found that the same IP address used to submit the Form 470 Application number 125770000469232 was also used to submit an invoice for the service provider, United Systems, SPIN 143004698. Since the IP address for both documents were the same, the administrator determined that the Form 470 was tainted. In the funding commitment adjustment report, the reason for the denial of funds was "When the service provider, United Systems, Inc. participated in the preparation of the cited Form 470 (Application Number: 1257700004692323), the Form 470 becomes tainted."

We disagree with the assumption made that since the IP addresses matched, then the service provider participated in the preparation of the Form 470. In this particular case, the service provider had no participation in the filing of the applicant's Form 470.

As explained by the applicant in their explanation to USAC, the applicant filed the Form 470 from the service provider's office, but the service provider was not involved in the filing of the application. There are no commission rules prohibiting an applicant from using the Internet Access of a service provider. In fact, if this was true the majority of Forms 470 would be tainted since the majority of schools and libraries use the Internet Access services provided by a service provider who was on their Form 471 when they file their Form 470.

Belfonte is located in a very remote location in Oklahoma. The school is located up a gravel road in the foothills of the Ozark mountain range. The east edge of the school property is on the Oklahoma/Arkansas border. This is a K-8 school which is dependent to Muldrow Public Schools located 18 miles away in Muldrow, Oklahoma. In fact, the nearest post office is in Muldrow. The only employer in the area is the school itself. As the school superintendent, Mr. Lucky McCrary must travel three hours to Oklahoma City to meet with the state department of education and conduct school business. While in the city, Mr. McCrary frequently uses an extra office at United Systems' location to conduct school business since it is unrealistic for him to drive back to his office at the school in order to work on the Internet. In this particular case, Mr. McCrary used the Internet Access at United Systems' offices in order to file his Form 470. In his appeal letter (See Attachment A), Mr. McCrary clearly stated that he filed his own Form 470 and he signed his own Form 470. He did not discuss the form with United Systems' employees or

representatives. He emphatically states that United Systems had no involvement in the filing of his Form 470. Additionally, Alvin Myers, president and COO of United Systems, also provided a written statement in his letter of appeal that they did not participate in the filing of the Form 470 for Belfonte School (See Attachment B).

The Commission's rules related to the competitive bidding process clearly state that the Form 470 must be completed by the entity that will negotiate with prospective service providers and signed by the person authorized to order the requested services on behalf of the applicant. In this case, the Form 470 was completed by the entity- the superintendent of Belfonte Public Schools completed the form, and signed by the person authorized -the form was signed by the superintendent who was authorized to sign the form.

In our review of the Commission's competitive bidding rules, we have not found any requirement that the Form 470 must be filed from a particular location.

In the *Mastermind Decision* (FCC 00-167 dated May 23,2000, CC Docket No. 96-45), the Commission stated "we find that an applicant violates the Commission's competitive bidding requirements when it surrenders control of the bidding process to a service provider that participates in that bidding process." Mr. McCrary did not surrender control to United Systems. He did not delegate any power to United Systems to submit the Form 470 on his behalf nor did a United Systems representative assist with the process in any way.

The administrator's decision is based solely on a presumption that if the Form 470 was filed at the service provider's location then the Form 470 must be tainted. We believe this is a rebuttable presumption and that the certifications from both the applicant

and the service provider that the service provider was not involved should weigh heavily in determining whether or not the Form 470 was tainted.

In the FCC's *Fifth Report and Order*, FCC 01-190, the commission set forth examples of when amounts disbursed in violation of the program must be recovered in full. In paragraph 21, Competitive Bidding Requirements, the Commission states that "we conclude we should recover the full amount disbursed for any funding requests in which the beneficiary failed to comply with the Commission's competitive bidding requirements as set forth in section 54.504 and 54.511 of our rules and amplified in related Commission orders." The Commission gave examples of when the full amount disbursed should be recovered. The examples include: "when the beneficiary signs a contract before the end of the 28-day posting period" and "in a situation where the beneficiary failed to consider price as the primary factor when evaluating among competitive bids." Based on our review of the Commissions rules and related orders, we could not find any rules related to the location from which the Form 470 is filed.

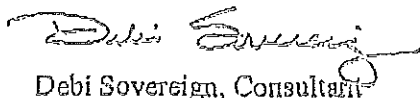
Furthermore, to rescind funds that have already been paid for services rendered is an undue hardship on all parties involved. The funds disbursed total \$22,616.10. This is a significant amount of money to this low income, rural school district. In fact, had the superintendent known that E-Rate funding was not going to be available, he would not have purchased the services from United Systems. Due to the remote location, the network maintenance services provided by United Systems were extremely valuable to the district and allowed the district to provide advanced telecommunications, Internet Access, and Internal Connections for their students that they would not otherwise have had. To require the school to pay this amount back because the Superintendent did not

file the Form 470 from his office in Belfonte, seems contrary to the goals of the universal service support mechanism for schools and libraries.

### III. CONCLUSION

Since the superintendent of Belfonte Public Schools filed his own Form 470 and he did not surrender control of the bidding process to United Systems, we request a review of the Administrator's denial decision on FRN 1097117 and request that the funding for funding request number 1097117 in the amount of \$22,616.10 be restored to committed in full.

Respectfully Submitted,

  
Debi Sovereign, Consultant

### IV. ATTACHMENTS

1. Letter of Appeal filed by Belfonte Schools
2. Letter of Appeal filed by United Systems
3. Administrator's Decision on Appeal
4. Commitment Adjustment Letter
5. Letter of Agency

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of	)	
	)	
Request for Review by Belfonte School	)	
District 50 of Administrator's Decision	)	
on Appeal-USAC FY 2004	)	CC Docket No. 02-6
Commitment Adjustment Letter dated	)	
12 October 2006.	)	
	)	
Form 471 Application # 401177	)	
Funding Request Number: 1097117	)	

AFFIDAVIT

STATE OF OKLAHOMA    )  
                                  )       SS  
COUNTY OF SEQUOYAH)

Lucky McCrary, after first being duly sworn upon oath, deposes as follows:

1. Lucky McCrary, the Affiant herein, would state that he is an adult, a competent person and has due knowledge to make the following statements.
2. Affiant would state that he is a professional educator, being involved in school education in the State of Oklahoma for approximately 28 years while serving as a teacher, administrator, principal and superintendent.
3. Affiant would further state that he is currently serving as Superintendent at the Gore Public Schools in Gore, Sequoyah County, Oklahoma, having previously served as the Superintendent in the Braggs Public Schools in Braggs, Muskogee County, Oklahoma and prior to that time in the Belfonte School System located in Nicut, Sequoyah County, Oklahoma.
4. Affiant would state that he served in the Belfonte School System for a period of six years as the Superintendent, three (3) years in the Braggs School system as Superintendent and currently in his sixth year as Superintendent of schools in the Gore Public Schools.
5. Affiant would further state that he is familiar with the Superintendent and Administrator duties of the School systems and is competent and qualified



to furnish the following information.

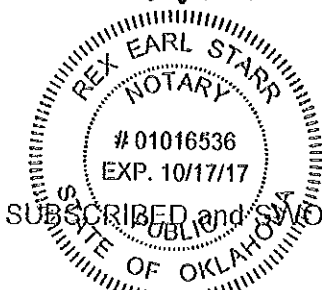
6. Affiant further states that he is familiar with the matter that has been appealed to the FCC and the proceedings that have been involved. Affiant would further state he has earlier furnished information to the Administrative agency making the determination on the Appeal and is familiar with the background.
7. Affiant would further state that he was the Superintendent of the Belfonte School located in Sequoyah County, Oklahoma in 2004 at the time of the Form 470 being submitted. Affiant further states that the Belfonte School is a school district located in a very remote area of Eastern Oklahoma where employment, communication networks, transportation facilities and the road network is very limited and restricted.
8. Affiant would further state that Belfonte School is located approximately 3-3.5 hours by road from Oklahoma City, Oklahoma.
9. Affiant would further state that for the school year 2004, I submitted the Form 470 for E-Rate Assistance.
10. Affiant would further state that although he has no specific recall and recollection at this time of the exact details of the process, Affiant traveled to Oklahoma City to the State Department of Education to commence this process. Affiant has been advised that this application was submitted through the United Systems Office in Oklahoma City and Affiant has no reason to doubt the accuracy of that statement; although, Affiant has no specific recall of that being done.
11. Affiant would further state with the documentation being submitted on a computer of the United Systems in Oklahoma City, that the Affiant would state unequivocally and without exception that the United Systems personnel did not have any part of assisting, advising or providing any type of guidance to the Affiant. The United Systems personnel did not participate in any manner regarding any matter pertaining to this application and preparation.
12. Affiant would further state that if in fact the Form 470 was submitted from their office and/or IP address was assigned to them, then I have no specific knowledge of that matter. Affiant would definitely state without any reservation whatsoever that they did not participate in any way or manner in the application process nor in any type of a bidding process regarding the services.
13. Affiant would further state that at the time of this submission, Affiant was required to travel to Oklahoma City on a regular basis and at that time,

access to the Internet was very difficult to obtain and until Affiant actually purchased a lap top computer, Affiant had to obtain access to the internet at various locations, business, hotels, etc.

14. Affiant would further state that United Systems has allowed the Affiant to use their facility many times over the years to take care of business while I was in Oklahoma City. Again the Affiant would state that in no way did United Systems participate in any type of bidding process or provide any type of assistance with any of the E-Rate process.
15. Affiant would further state that during the time of making application for the E-Rate process at this particular time, the only purpose of any action at the United Systems Office would have been for the application to be certified by use of the internet access.
16. Affiant would further state that due to the passage of time since the Form 470 was certified, I have attempted to find documentation to help my memory and recall this exact process, but at the time of the preparation of this Affidavit, I have been unable to do so.
17. Affiant would further state that in summary, regarding this E-Rate process and the Form 470 Application being submitted and certified, I again state unequivocally and without any type of reservation whatsoever, United Systems did not participate in any way whatsoever and that the Belfonte School was in full control of the competitive bid process throughout the entire matter. Furthermore, the only thing done in this entire process was the Form 470 being certified by the Affiant on a United Systems computer.
18. Affiant makes the above sworn statement and Affidavit under the penalties of perjury and state that everything stated above is true to the best knowledge and belief of the Affiant.


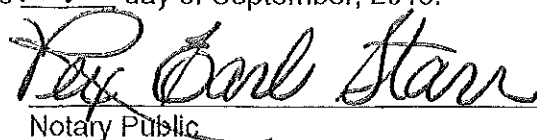
Further Affiant Sayeth Not

Dated this 27<sup>th</sup> day of September 2016.



SUBSCRIBED and SWORN to before me this 27<sup>th</sup> day of September, 2016.

My Commission No.: 01016536  
My Commission Expires: 17 Oct 2017

  
Lucky McCrary  
Superintendent  
Gore Public Schools  
918-489-5587  
  
  
Notary Public

From: Jane Kellogg [mailto:[jkellogg@kelloggllc.com](mailto:jkellogg@kelloggllc.com)]  
Sent: Monday, September 26, 2016 2:32 PM  
To: Lucky McCrary <[lmccrary@gorepublicschools.org](mailto:lmccrary@gorepublicschools.org)>  
Cc: Alvin Myers <[AMyers@unitedsystemsok.com](mailto:AMyers@unitedsystemsok.com)>  
Subject: Re: FCC Denial of Funding FY 2004

Lucky,

Thanks so much for providing this detail

Jane

Get [Outlook for iOS](#)

On Mon, Sep 26, 2016 at 12:37 PM -0500, "Lucky McCrary" <[lmccrary@gorepublicschools.org](mailto:lmccrary@gorepublicschools.org)> wrote:

I will help in any way I can. Let me know what is needed from me. I was in OKC at state dept. of ed at a E rate workshop. I had several questions answered at the state dept. that I needed to know on the application. I went by United Systems as they were a vendor that we had used so I was familiar with them. While I was there, I told them where I had been and that I had questions answered that I needed to know on the erate process so I could certify my application. They told me they had several empty offices and if I ever needed internet access that I was welcome to come by.

I used one of their office computers to complete part of the application.

Next thing I know I get a letter stating that my application was submitted by United Systems. I wrote them a letter on exactly what happened and stated that United Systems did not do any part of my application.

There is nothing in the rules that I could find or that they could produce that states that any part of the erate application process cannot be done from a computer that a competing vendor has. I know what it looks like but I did explain all this back then, several times.

Not to dog United Systems, but a vendor should know the rules and what this could possibly have lead to if their url came up as a submission origination site for an application.

They did not get any bids awarded other than what they were entitled to by erate rules.

Nothing was done underhand or illegal and I will attest to that in Belfonte's case.

On Mon, Sep 26, 2016 at 12:01 PM, Jane Kellogg <[jkellogg@kelloggllc.com](mailto:jkellogg@kelloggllc.com)> wrote:

Lucky,

You will likely remember being at Belfonte in 2004 when you were relying on using the computers at United Systems that resulted in a denial of funding by USAC which we appealed to the FCC.

This month, the FCC finally made a decision to deny our appeal all these years after we filed the appeal. They are now aggressively requesting the funds be returned to USAC.

Alvin Myers at United Systems is working on a 'Petition for Reconsideration' and needs your input. Since you were not a client of ours the year in question, I don't have the information they need.

9/27/2016

Hope your day is a good one!!!

Jane

Jane Kellogg, M.Ed.

Executive Director RHC and E-rate

Kellogg & Sovereign Consulting, LLC– *Celebrating our 20<sup>th</sup> Year Managing USAC Applications!*

[jk Kellogg@kelloggllc.com](mailto:jk Kellogg@kelloggllc.com)

P [580.332.1444](tel:580.332.1444)

C [580.421.5998](tel:580.421.5998)

[www.kelloggllc.com](http://www.kelloggllc.com)

*"All our dreams can come true if we have the courage to pursue them. ~Walt Disney"*

--

Under Oklahoma's "Public Records" law, absent a specific exclusion, written communications to or from Gore School District employees are considered public records. E-mail communication with this correspondent may be subject to public and media disclosure upon request.



Universal Service Administrative Company

Schools and Libraries Division

## Notice of Withholding of Action

September 08, 2016

Jane Kellogg/Debi Sovereign  
Kellogg & Sovereign Consulting, LLC  
1101 Stadium Drive  
Ada, OK

Applicant - BELFONTE SCHOOL DISTRICT 50

Re: Notification of Withholding of Action Pending Red Light Rule

Application Number pending commitment: 161018326, 161018626  
Funding Request Numbers: 1699033409, 1699033435, 1699033441, 1699033456,  
1699034017, 1699033875, 1699033906.  
Billed Entity: 140409  
Fund Year: 2016

The Universal Service Administrative Company (USAC) has received funding requests and/or appeals for the applications cited above for funding under the Schools and Libraries Universal Service Support Mechanism (E-Rate). The Billed Entity associated with these applications holds the FCC Registration Number: 0011597010.

As required by 47 C.F.R. § 1.1910(a)(1), we have reviewed our records and determined that as of 09/08/2016, you or an entity sharing the same Taxpayer Identification Number (TIN) is delinquent on the payment of the following debt owed to USAC.

BELFONTE SCHOOL DISTRICT 50                      \$22,616.10

This outstanding debt stems from USAC's Commitment Adjustment (COMAD) actions related to the following FRNs of the BEN listed above: FRN 1097117. You were previously notified of program rule violation(s) which necessitated USAC's COMAD for these FRNs via Commitment Adjustment Letter dated 08/28/2006. Additionally, you were notified of the associated debt amount(s) via the First Demand Payment Letter Issued on 10/30/2006.

If you have any questions regarding the debt owed to USAC, please contact us at:

Address: USAC Billing, Collections, and Disbursements  
Attention: Red Light Inquiries  
700 12th Street, N.W.

Washington DC 20005.

Telephone: (888) 641-8722

Facsimile: (888) 637-6226

Pursuant to 47 CFR § 1.1910(b), no further funding commitments or disbursements will be made until the complete debt owed to USAC is satisfied and/or arrangements have been made to pay the delinquent debt.. If no payment is made within 30 days of the date of this letter, any pending applications, appeals or invoices may be dismissed. This means that any funding requests filed on the Form(s) 471 listed above will be denied and any appeals associated with the Billed Entity will not be reviewed.

Please be advised that any future applications, appeals, or invoices to the FCC or its reporting components, including but not limited to support from the Universal Service Fund, payments from the Telecommunications Relay Services Fund, or the issuance of telephone numbers from the North American Numbering Plan Administrator, will be reviewed to determine if any delinquent debts are outstanding.

Sincerely,

Schools and Libraries Division  
Universal Service Administrative Company

Cc: Ruby Phelps - BELFONTE SCHOOL DISTRICT 50, Windstream Communications, Southwestern Bell Telephone Company, SBC Long Distance, Verizon Wireless, AT&T Corp, OneNet.



Schools and Libraries Program

**Demand Payment Letter  
FINAL REQUEST**

( Funding Year 2004: July 1, 2004 - June 30, 2005 )

September 7, 2016

*Debi Sovereign or Jane Kollogg*  
 BELFONTE SCHOOL DISTRICT 50  
 PO Box 130  
 Allen, OK 74825

- PAST DUE NOTICE -

THIS NOTICE PROVIDES IMPORTANT INFORMATION ABOUT YOUR  
 ACCOUNT AND YOUR RIGHTS AND OBLIGATIONS UNDER LAW

Re: Form 471 Application Number:	401177
Funding Year:	2004
Applicant's Form Identifier:	BPS-471-Y7
Billed Entity Number:	140409
ECG Registration Number:	0011597010
SPIN:	143004690
Service Provider Name:	United Systems, Inc.
Service Provider Contact Person:	David Laase
Payment Due By:	9/7/2016

You were previously sent a Demand Payment Letter informing you of the need to recover funds for the Funding Request Number(s) (FRNs) listed on the Funding Commitment Adjustment Report (Report) attached to this letter. You were also sent a Second Demand for Payment Letter on 11/30/2006. Our records indicate that you have not responded to either letter. As of 11/30/2006, the debt is past due. Because you did not pay the full amount, it is past due (delinquent), and it is legally enforceable. The purpose of this letter is to give you a final opportunity to repay the debt and to inform you of the repercussions associated with not repaying the debt.

THE FOLLOWING PROVISIONS CONTAIN IMPORTANT INFORMATION AND A DESCRIPTION OF LEGAL RIGHTS,  
 OBLIGATIONS, AND OPPORTUNITIES

1. Pursuant to the provisions of the Debt Collection Act of 1982 (Public Law 97-365) and the Debt Collection Improvement Act of 1996 (Public Law 104-134), as amended (the DCIA), as set forth below, continued failure to make the demanded payment has resulted in the assessment of administrative charges, penalties, and interest, and it may result in sanctions, including, but not limited to, administrative proceedings or judicial action to recover the outstanding debt.
2. Unless we receive full payment, evidence that the debt is not owed, or a request for installment payment plan for repaying the outstanding debt within 30 days of the date of this letter (Demand Date), pursuant to the DCIA, you may incur additional charges and

Schools and Libraries Program - Transportation Unit  
 3000 East Main Street, Suite 100, Tulsa, Oklahoma 74106-0000  
 Phone: (918) 581-1234 Fax: (918) 581-1235

costs, and the debt may be transferred to the Secretary of Treasury (Treasury) for debt collection. The FCC has determined that the funds are owed to the United States pursuant to the provisions of 31 U.S.C. § 3701 and 47 U.S.C. § 254. Because the unpaid amount is a debt owed to the United States, we are required by the DCIA to impose interest and to inform you what may happen if you do not pay the full outstanding debt. Under the DCIA, the United States will charge interest from the date of this notice and you will be required to pay the administrative costs of processing and handling a delinquent debt as set by the Treasury. The Treasury will impose additional charges (currently 28% of the debt). Additional information regarding the DCIA is available at 31 U.S.C. §§ 3701, 3711, 3716, 3717 and 3720B, the Federal Claims Collection Standards (e.g. 31 C.F.R. § 900.1, et seq.) and 47 C.F.R. § 1.1901, et seq.

3. Please be advised that when the debt is transferred, you may be subject to an administrative proceeding if one has not already been initiated (see 47 C.F.R. § 1.1910). For example, information about your delinquent account has been or will be reported to credit bureaus (see 31 U.S.C. § 3711(e)) and administrative offset has been or may be applied (see 31 U.S.C. § 3716). Moreover, under 31 U.S.C. § 3720B, a person owing an outstanding non-tax debt that is in delinquent status shall not be eligible for Federal financial assistance. Furthermore, the Debt may be referred to the United States Department of Justice (DOJ) for enforced collection, which may result in additional administrative costs. Separately, we may also request action by the Commission's Enforcement Bureau.

4. Pursuant to the Commission's DCIA Order (FCC 04-72, released Apr. 13, 2004), the FCC will withhold action on any application or request for benefits made by an entity that is delinquent in its non-tax debts owed to the Commission, and shall dismiss such applications or requests if the delinquent debt is not resolved. The Commission has generally referred to this as the "Red Light Rule". This rule applies to the Schools and Libraries Universal Service Support Mechanism. The Fifth Report and Order (FCC 04-190, released Aug. 13, 2004) directed USAC to dismiss any outstanding requests for funding commitments if an entity has not paid the outstanding debt, or made otherwise satisfactory arrangements within 30 days (See Fifth Report and Order at ¶ 42). Therefore, pursuant to the DCIA Order and the Fifth Report and Order, failure to make full payment or arrangements for payment within 30-days of the date of this letter may cause USAC to place you under the provisions of the Red Light Rule. For more information on the Red Light Rule, please see <https://www.fcc.gov/encyclopedia/red-light-frequently-asked-questions>. In determining whether an entity is delinquent for purposes of the Red Light Rule, the Commission matches the FCC Registration Number of the applying entity to its database of debts; the applicant's FCC Registration Number will be linked to all other FCC Registration Number's associated with the same Taxpayer Identification Number (TIN). To obtain an FCCRN, go to the registration site <https://apps.fcc.gov/coreWeb/publicHome.do>

#### Opportunity of Inspection and Review

5. You have an opportunity to inspect and copy the invoices and the records pertinent to the debt. The Notification of Commitment Adjustment Letter gave you the opportunity to appeal the validity of the debt. However, if you have evidence that all or part of the Debt has been paid and is no longer delinquent, you must present it to us within fifteen (15) days of the date of this Demand. If your debt is under appeal, either at USAC or the FCC, you will not be transferred under the DCIA to the Treasury for further collections activities.

#### Opportunity to Request Repayment Agreement

6. You have an opportunity to request a written repayment agreement (which includes a Promissory Note) to pay the full amount of the debt. If, due to financial hardship, you are unable to pay the full amount of the past due invoice in a lump sum, you may contact our

Schools and Libraries Program/USAC/FBI Page 2 of 5

09/07/2016



Customer Service Office to request an installment ~~payment~~ <sup>plan</sup>, which will require the payment of interest and execution of a promissory note. If you fail to pay the installment payment plan amount in full, plus accrued interest, penalties, and administrative charges, several administrative or judicial actions may result. First, your delinquent account information will be reported to credit bureaus, your account will be subject to administrative action by the FCC and the Treasury, including administrative offset, denial of certain federal benefits, withholding of action on any pending application (see 47 C.F.R. § 1.1910 (Red Light)), and referral to private collection attorneys. Next, we may refer the circumstances of your delinquency to the FCC's Enforcement Bureau for further action. Finally, your delinquent debt may be transferred to either the Treasury for further administrative collection or the DOJ for enforced collection.

To provide evidence that all or part of the Debt has been paid or request an installment payment plan, you may notify us in writing by mail or facsimile transmission at the following address and telephone number:

Schools and Libraries Program-  
Correspondence Unit  
30 Lanidex Plaza West, P.O. Box 685  
Parsippany, NJ 07054-0685  
Phone Number: 973-581-5395  
Fax Number: 973-599-6582

Please remit payment for the full "Funds to be Recovered from Applicant" amount shown in the Report. To ensure that your payment is properly credited, please include a copy of the Report with your check. Make your check payable to the Universal Service Administrative Company (USAC).

Use one of the appropriate addresses listed below to send payments to USAC.

**U.S. Postal Service and Standard Mail for Payments:**

USAC  
PO Box 105056  
Atlanta, GA 30348-5056

**Courier and Overnight Packages:**

USAC  
Lockbox 105056  
1075 Loop Road  
Atlanta, GA 30337  
(404) 209-6377

**ACH payments:**

USAC requests that all ACH payment be sent in CCD+ format to:  
ABA Routing #071000039, Account #8590045653

**PAYMENT MUST BE RETURNED IMMEDIATELY.**

Complete Program information is posted to the SLP section of the USAC web site at [www.usac.org/slp/](http://www.usac.org/slp/). You may also contact the SLP Technical Client Service Bureau by email using the "Submit a Question" link on the SLP website, by fax at 1-888-276-0736 or by phone at 1-888-203-8100. Contacting SLP for questions does not change the deadline for your

Schools and Libraries Program (SLP) Page 3 of 5

09/07/2016

response to this Letter.

Universal Service Administrative Company  
Schools and Libraries Program

cc: David Lease,  
United Systems, Inc.

Funding Disbursement Recovery Report  
for Form 471 Application Number: 401177

Funding Request Number:	1097117
Services Ordered:	INTERNAL CONNECTIONS .
SPIN:	143004698
Service Provider Name:	United Systems, Inc.
Contract Number:	BELFONTE-US-YR7-1A/1B
Billing Account Number:	918-427-3522
Site Identifier:	140409
Original Funding Commitment:	\$22,616.10
Commitment Adjustment Amount:	\$22,616.10
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$22,616.10
Funds to be Recovered from Applicant: <sup>1</sup>	\$22,616.10

Funding Commitment Adjustment Explanation:

The FCC received an appeal on your behalf to review USACs decision of the aforementioned FRN. FCC Order DA 16-988 released August 29, 2016 denied the petitioners request to review USACs decision. USAC will continue to seek recovery for the following reason:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of review it was determined that cited Form 470 was tainted. When the Service Provider, United Systems, Inc., participated in the preparation of the cited Form 470 (Application Number:125770000469232), the Form 470 becomes tainted. FCC rules require applicants to submit a Form 470 to initiate the competitive bidding process, and to conduct a fair and open process. If the applicant has posted a Form 470 that a service provider participates in the Form 470 preparation and that service provider also participates in the competitive bidding process, the applicant has violated this requirement, and FCC rules consider this Form 470 to be tainted. All Funding Requests that relate to this Form 470 are required to be denied because the Form 470 is tainted. Accordingly, the commitment has been rescinded in full and USAC will seek recovery of any disbursed funds. USAC has determined that both the applicant and the service provider are responsible for this rule violation; if any funds were disbursed, USAC will seek recovery of the improperly disbursed funds from both the applicant and the service provider.

PLEASE SEND A COPY OF THIS PAGE WITH YOUR  
CHECK TO ENSURE TIMELY PROCESSING

<sup>1</sup> Please note that if the Funds to be Recovered from the Applicant is less than what was reported on the Notification of Commitment Adjustment Letter or the 2nd Demand Payment Letter, it is because you have partially repaid the debt or because the service provider has partially repaid the debt.

## ATTACHMENTS

## CONCLUSIONS

It is clear from a review of all of the documentation that is heretofore been submitted plus giving consideration to the statement being submitted at this time, that at no time did Lucky McCrary, Superintendent of Belfonte Public Schools, surrender any control of the bidding process or procedures to the United Systems organization. He filed his own Form 470, without any assistance or help from United Systems. The School would respectfully request a reconsideration of the earlier Administrator's denial decision on FRN 1097117 and would request the funding for the request number 1097117 amount of \$22,616.10 be restored to full commitment.



Rex Earl Starr  
Attorney for Belfonte School District 50  
PO Box 918  
Stilwell, OK 74960  
918-696-6500  
FAX:918-696-6551



Paul Pinkerton  
Superintendent for Belfonte School District 50  
475751 State Hwy 101  
Muldrow, OK 74948-5520  
918-427-3522